CANADIAN PETROFINA LIMITED

Annual Report
1967

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The photograph on the front cover is one of a drilling rig operating on the Company's property at Wildcat Hills, Alberta. The gas well was successful and was completed at about 10,000 feet in the Mississippian formation. The photograph was taken by one of the Company's own employees, Mr. Eric Bland, Manager of the Land Department of Canadian Fina Oil Limited in Calgary.

Board of Directors

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Paul Bienvenu

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Blancke Noyes

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J. Cartier, *Vice-President* (*Marketing*)

Donald S. Harvie, *Vice-President* (*Exploration and Production*)

H. J. Hughes, *Vice-President and Comptroller*

R. V. Misitano, *Vice-President* (*Supply and Refinery Sales*)

K. S. C. Mulhall, *Vice-President and Treasurer*

J. R. Patton, *Vice-President* (*Manufacturing*)

A. W. McLeod, *General Counsel and Secretary*

Executive Offices

The Royal Bank of Canada Building,
1 Place Ville Marie,
Montreal 2, Quebec, Canada

Auditors

Clarkson, Gordon & Co.

Transfer Agent

Montreal Trust Company

Registrar

The Royal Trust Company

*Ce Rapport a été publié en français et en anglais.
Si vous préférez un exemplaire français,
veuillez en faire la demande au :*

*Secrétaire, Canadian Petrofina Limited
1 Place Ville Marie
Montréal 2, Québec, Canada.*

CANADIAN PETROFINA LIMITED

To the Shareholders

After five years of sustained buoyancy, the Canadian economy advanced at a much slower pace in 1967. Although the Gross National Product rose by 6.6% to $61.5 billion in current dollars, the increase, when measured in constant terms, was only 2.1%. Thus, the slowdown in production was further dampened by strong inflationary pressures which eroded the larger part of the improvement.

The petroleum industry was among the very few to experience substantial gains in 1967. The average production of liquid hydrocarbons rose by 9.1% to 1,044,000 barrels per day, while total demand for petroleum products increased by 6%. The export picture was particularly bright due to the Middle-East crisis and exports of crude and pentanes rose by 20% during the year.

Sales of natural gas increased by 14.2% to 3.2 billion cubic feet per day, with exports increasing by 18.3% to 1.4 billion cubic feet per day.

From the Company's standpoint, the year 1967 was one of continued growth. Net earnings reached a new high of $10,706,000, an increase of 15.2% over 1966. The cash generated from operations passed the $20,000,000 mark for the first time. Further particulars of the Company's financial operations appear elsewhere in this report.

The continued expansion of the Company, without a commensurate increase in the number of employees, reflects the efficient and aggressive efforts of the staff. The continuation of this trend depends primarily on the employees and to them your directors convey their appreciation.

We would like to make particular mention of the retirement during the year, at normal retirement age, of Mr. Trajan Nitescu who was the operating head of our wholly-owned subsidiary, Canadian Fina Oil Limited. Mr. Nitescu devoted a large part of his business life to the Fina organization throughout the world. He will remain as a director of the Company and will be available for consultation, particularly in matters relating to exploration and production.

Mr. Nitescu has been succeeded by Donald Harvie, also a director of the Company.

Exploration and Production

This phase of the Company's activities is conducted through the wholly-owned subsidiary, Canadian Fina Oil Limited, with headquarters in Calgary.

In order to assist in visualizing the extent of these operations a map of the land holdings has been prepared and appears at the back of this report.

During 1967, the Company expanded its land holdings substantially and these now amount to 15.7 million gross acres, equivalent to approximately 5.5 million net acres.

Significant acquisitions during the year included a Permit covering 445,000 acres in the Province of Saskatchewan and a 25% interest in a 8,750,000 acre project in the Maritime provinces of eastern Canada. In addition, farmins were negotiated from other companies covering important areas in the Margaret Lake and Keg River areas of Alberta, as well as at Trainor Lake in the Northwest Territories. These acquisitions are shown on the map.

During 1967, the Company conducted seismic surveys on nine Exploration Permits in Saskatchewan and in a number of areas of northern Alberta. Two seismograph crews were employed on these projects for a large part of the year and this was the most active geophysical programme undertaken by the Company in recent years.

During the year, the Company participated in the drilling of 76 wells, which resulted in the completion of 30 oil wells, 11 gas wells, 1 water disposal well and 26 abandonments. At the year-end, 8 wells were still in the process of being drilled. The Company, as operator for a group, made a Mississippian gas discovery at Greencourt in central Alberta where our interest is 36%.

While the Company holds attractive acreage in the Rainbow-Zama region of northern Alberta, our drilling efforts have not met with success so far. At Sabbath Creek, southwest of Rainbow, two follow-up wells were drilled after the original wildcat well had given promising gas indications, but all three wells have now been suspended or abandoned. Seismic work is continuing in the southern portion of our acreage where our interest amounts to 50%. Immediately east of Zama, the Company drilled and abandoned two test wells. These results, while disappointing, do not by any means exhaust the potential of the Company's large holdings in the area.

After a number of years of modest exploratory interest, Saskatchewan became the centre of substantial activity in 1967 when new deep horizon oil discoveries were reported. The Company's holdings are well located and one in particular, the large Radville block, is located between two new discoveries — Ceylon and Tatagwa.

As can be seen from the map, the Company holds a large number of small tracts of land in Saskatchewan and Manitoba and during 1967 twelve farmouts of these small holdings were granted to others with the result that twenty-one wells were drilled at no cost to the Company. This portion of the drilling programme resulted in fifteen oil wells and six abandonments. Our residual interest in these wells is usually 50% after the farmees have recovered their costs. This procedure has aided in speeding up the evaluation of the many scattered holdings without the necessity of the Company taking the exploratory risk.

In order to further simplify the acreage holdings, interests in gas properties at Chinook and Westlock, Alberta, were sold for $800,000 cash. At the end of 1967, similar negotiations were in progress with respect to other gas areas in the Ghost Pine, Jenner and Turin areas of Alberta. Shortly after the year-end, our interests in these properties were sold for $420,000.

The Company has become a substantial producer of crude oil and natural gas and, as such, occupies an important role in the producing industry in western Canada. Its share of production of crude oil and natural gas liquids, before royalty, was approximately 5.3 million barrels, an increase of 4% over the previous year. The average total production was 14,500 barrels per day. Natural gas sales for 1967 amounted to 23.4 billion cubic feet, represent-

ing an increase of 6%. This is equivalent to 64.3 million cubic feet per day. Sulphur production amounted to 81,000 long tons, which was greater by 8% than the previous year's figure.

Profits originating from these operations make a substantial contribution to the total earnings of the Company.

The production of wet gas at the West Whitecourt project was maintained at a satisfactory rate and additional development drilling was undertaken in order to sustain a maximum rate of production from this project. Three wells in the Pine Northwest sour gas field were connected to augment the supply of gas used for pressure maintenance in the Windfall reservoir. The sulphur extracted from this stream is now generating additional revenue.

The delays encountered by Trans-Canada Pipelines in obtaining a permit to expand their system resulted in a deferment in placing our Newbrook gas reservoirs on production.

The Company has equity interests in two important oil pipelines — Producers Pipelines Ltd. and Peace River Oil Pipe Line Co. Ltd. The latter company is now extending its line to the Zama region and your Company is the largest individual shareholder in this system.

Continued work is being conducted on the Company's acreage in the Athabasca Oil Sands. The Company, with its associates, has attractive acreage in this area.

Following decisions taken late in the year to drill a wildcat well on the West Whitecourt block, the Company announced in mid-January, 1968 that the Fox Creek 10-7 well had encountered wet gas below 10,000 feet in the Beaverhill Lake formation and that casing would be run. Subsequently, two competitors drilled wells along the apparent trend, each about 2½ miles away, and reported discoveries in the same horizon. The Company owns a one-sixth interest in approximately 50% of the lands in this area and plans are proceeding to delineate this promising prospect quickly and place it on production.

Supply and Refinery Sales

During the year 15,593,000 barrels of crude oil were delivered to the refinery at Pointe-aux-Trembles for processing, representing an increase of 16.8% over 1966. The Middle-East crisis only marginally affected our crude oil supply and a normalization of the crude oil transportation system will probably occur during 1968.

The total volume of products distributed during 1967 was in excess of 500,000,000 gallons. The Company was able to maintain its unit delivery costs at the same level as the previous year despite the long marine strike during the latter part of the summer which affected deliveries to terminals along the St. Lawrence River.

The Polyisobutylene plant operated at full capacity during 1967 and will be expanded during 1968 from its original rated capacity of 6,800 tons to 11,000 tons per year.

During the latter part of 1967, the first shipments of Propylene Trimer were made. This special product is used for the manufacture of oxoalcohols, an intermediate for the production of plasticisers.

In addition to the new trimer output, substantial increases were effected in the shipment of other specialty products. The sale of solvents increased by 14%, polybutene products by 53% and vanadium pentoxide by 42.5%.

In keeping with the government's desire to increase exports, it may be of interest to note that almost the total volume of polybutene, vanadium oxide and trimer was exported to foreign countries.

Manufacturing

During the year, a number of major changes of substantial magnitude, were made to the

Company's refinery at Pointe-aux-Trembles. A new Platformer having a capacity of 12,000 barrels per day commenced operation in October. In addition, the new Propylene Trimer Unit was completed in September. The Fluid Coke burning capacity was doubled and a new 100,000 lbs per hour CO Boiler was completed.

During 1967, a record volume of 15,852,000 barrels of crude oil were processed at an average rate of 43,400 barrels per day. This was an increase of 19.3% over the previous year.

Notwithstanding the unavoidable disruptions caused by the installations of the new major facilities referred to above, refinery operating costs per barrel were at an all time low in 1967.

In 1966, the Company formed a new subsidiary under the name of Fina Metal Ltd. for the purpose of engaging in the commercial production of iron powder. Several years of experimental work was carried on prior to and subsequent to the formation of this subsidiary. A $4,000,000 plant will be erected adjacent to the Company's refinery site at Pointe-aux-Trembles and production is expected to commence in December of 1968. The Company's interest in the venture is 51%, the balance being owned by Cons. Quebec Smelting & Refining Ltd.

Marketing

The year 1967 was the most successful, in terms of volume and profits, which the Company has experienced to date. Sales of petroleum products increased by 13.2% over the year 1966. A number of factors combined to create this situation.

Expo '67 attracted slightly over 50,000,000 people to the site and since your Company was granted the exclusive right to sell petroleum products on the Expo site, some measure of the Company's success must be attributed to the impact of the Company's name on the residents of Quebec as well as on the many visitors to Montreal.

The Company's advertising and promotional campaign also made some contribution. It is apparent however, that special promotional campaigns, such as the Company's "Panorama '67", have only a temporary beneficial effect on sales volume and an adverse one on marketing costs which, while already too high, continue to increase. If the oil industry is to avoid hostile public reaction to its modus operandi, it must give more serious thought to ways and means of reducing marketing costs and less to the development of new gimmicks for which the public ultimately bears the cost.

The public acceptance of the large modern service outlets, coupled with the extremely high quality of all products, including tires, batteries and accessories marketed through the Company's outlets, perhaps contributed more to the operational success than any other factor.

Financial Review

Consolidated profits for the year ended December 31, 1967, reached a new high of $10,706,000. A comparison with the figures for recent years illustrates the continued growth of the Company profits.

	1967	1966	1965
Net profits	$10,706,000	$9,292,000	$8,549,000
Net profits per share	$1.08	93.9¢	86.4¢

The total cash generated from operations exceeded twenty million dollars for the first time in the Company's history. The comparative figures are as follows: —

	1967	1966	1965
Cash generated from operations	$21,105,000	$18,920,000	$17,550,000
Cash generated per share	$2.12	$1.91	$1.77

During 1967, our subsidiary, Canadian Fina Oil Limited, drew down the final amount under the long term loan agreement entered into in 1966, to which reference was made in last year's report. The balance of the increase in long term debt relates to the following transactions.

In the early formative years of the Company's existence, it was necessary to finance the construction of a large number of service stations by way of sale and leaseback transactions through non-affiliated companies. The Company's obligations in these and other respects were reflected in annual rental obligations, which in 1966, in total, amounted to $3,775,000. In 1967 the Company was able to reduce materially these rental obligations by purchasing the assets and assuming the related debts of some of the companies involved. From the overall financial position of the Company, this procedure was advantageous. The annual rental obligations have now been reduced to $2,500,000 per annum.

During 1967, dividends in the amount of 60¢ per share or $5,947,000 were paid to the shareholders.

Notwithstanding the substantial increase in fixed assets and the payment of dividends, the Company's working capital at the year end remained at a satisfactory level of $15,052,000.

Submitted on behalf of the Board.

A. Campo

President.

March 8, 1968.

CONSOLIDATED BALANCE SHEET,

(with comparative figures

ASSETS

	1967	1966
CURRENT:		
Cash	$ 5,795,094	$ 2,600,881
Accounts receivable, less allowance for doubtful accounts	36,688,311	36,247,671
Due from affiliated companies	2,405,437	—
Inventories — (note 1)		
Oil products and other merchandise	16,127,220	23,348,808
Materials and supplies	1,733,170	1,661,552
Prepaid expenses	1,191,278	983,353
Total current assets	63,940,510	64,842,265
INVESTMENTS AND ADVANCES — at cost:		
Investment in affiliated company	—	1,933,794
Investments in other companies	2,816,559	2,694,228
Exploration, development and production deposits	735,819	665,163
Mortgage and other advances (note 6)	9,977,243	13,346,266
	13,529,621	18,639,451
PROPERTIES, PLANT AND EQUIPMENT — (note 2):	157,802,388	137,793,179
DEFERRED CHARGES:		
Unamortized debt discount and expense	77,756	95,699
Other	1,255,348	1,375,027
	1,333,104	1,470,726
PREMIUM PAID ON ACQUISITION OF SUBSIDIARIES	7,192,791	6,484,994
	$243,798,414	$229,230,615

On behalf of the Board:

L. WOLTERS, Director
A. F. CAMPO, Director

ECEMBER 31, 1967

December 31, 1966)

LIABILITIES AND CAPITAL	1967	1966
CURRENT:		
Accounts payable and accrued charges	$ 17,531,381	$ 16,356,330
Due to affiliated companies	3,499,100	3,813,539
Due to parent company	14,608,529	17,886,629
Notes and bills payable	8,223,124	8,529,473
Current maturities of long-term debt	5,026,313	2,535,217
Total current liabilities	48,888,447	49,121,188
ADVANCES BY PARENT COMPANY (U.S. $5,000,000) not due within one year	5,403,125	5,418,750
LONG-TERM DEBT (note 3)	49,499,830	39,838,017
MINORITY INTERESTS	549,760	500,946
Total liabilities	104,341,162	94,878,901
CAPITAL STOCK AND SURPLUS (note 4):		
Common shares of $10 par value:		
Authorized — 12,000,000 shares		
Issued — 9,931,974 shares (1966 — 9,898,424 shares)	99,319,740	98,984,240
Contributed surplus	15,485,865	15,474,517
Earned surplus — per accompanying statement	24,651,647	19,892,957
	139,457,252	134,351,714
COMMITMENTS AND CONTINGENCIES (Note 6)		
	$243,798,414	$229,230,615

Canadian Petrofina Limited and Subsidiaries

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

For the year ended December 31, 1967
(with comparative figures for the year ended December 31, 1966)

	1967	1966
Gross income:		
Operating income	**$153,902,284**	$142,584,180
Interest and other income	**1,806,441**	1,243,836
	155,708,725	143,828,016
Operating charges:		
Costs, operating, selling and general	**129,044,005**	120,397,349
Taxes other than income taxes	**2,817,666**	2,557,495
Depreciation	**6,170,045**	5,815,157
Depletion	**4,009,413**	3,627,370
	142,041,129	132,397,371
	13,667,596	11,430,645
Interest and discount on long-term debt	**2,939,102**	2,115,904
Profit before minority interests	**10,728,494**	9,314,741
Income applicable to minority interests	**22,500**	22,500
Net profit for the year	**10,705,994**	9,292,241
Earned surplus at beginning of year	**19,892,957**	16,539,770
	30,598,951	25,832,011
Dividends	**5,947,304**	5,939,054
Earned surplus at end of year	**$ 24,651,647**	$ 19,892,957

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1967
(with comparative figures for the year ended December 31, 1966)

	1967	1966
FUNDS PROVIDED:		
Funds provided from operations —		
Net profit for the year	$ 10,705,994	$ 9,292,241
Depreciation, depletion and amortization	10,376,140	9,605,527
	21,082,134	18,897,768
Long-term borrowings — net	9,661,813	5,460,399
Repayment of mortgages and other advances	3,239,308	(212,211)
Sale of fixed assets	2,143,261	495,850
Issue of shares	346,848	—
Disposal of investment in affiliated company	1,933,794	—
Increase in minority interest	48,814	—
	$ 38,455,972	$ 24,641,806
FUNDS USED:		
Addition to properties, plant and equipment	$ 32,331,928	$ 15,377,677
Premiums paid on acquisitions and other items	845,754	—
Dividends paid to shareholders	5,947,304	5,939,054
Net increase (decrease) in working capital	(669,014)	3,325,075
	$ 38,455,972	$ 24,641,806

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1967

1. ACCOUNTING POLICIES

The companies follow the full-cost method of accounting wherein all costs related to the exploration for and the development of oil and gas reserves are capitalized. The total costs thus capitalized are depleted on the composite unit of production method based on the estimated reserves of oil, gas and other saleable products. Depreciation of plant and equipment is based on the estimated service lives of the assets, calculated on the straight-line method, except for vehicles where the diminishing balance method is used.

Inventories of oil products and other merchandise are shown at the lower of cost or market (net realizable value). Cost of oil products has been determined on the basis of the last-in, first-out method. Inventories of materials and supplies are shown at the lower of cost or replacement value.

2. PROPERTIES, PLANT AND EQUIPMENT

	Cost	Accumulated depreciation and depletion	Net book value
Production	$133,334,433	$ 47,021,498*	$ 86,312,935
Refining	61,172,946	31,437,336	29,735,610
Marketing	57,035,116	20,348,818	36,686,298
Other	6,290,857	1,223,312	5,067,545
	$257,833,352	$100,030,964	$157,802,388

*includes depletion of $37,019,100.

3. LONG-TERM DEBT

Canadian Petrofina Limited:		
Secured:		
6% loans due by 1972	$3,100,000	
Other	156,641	$ 3,256,641
Unsecured:		
4% Sinking fund debentures, Series A, due 1972 (issued $25,000,000 less converted or redeemed — $15,496,000)	9,504,000	
5¾% Series A debentures, due $1,000,000 annually to 1971 and the balance by 1972	6,500,000	
6½% Series B debentures, due $550,000 annually to 1971 and the balance by 1972	5,259,844	
6½% Series C debentures, due $300,000 annually to 1971 and the balance by 1972	2,200,000	
7% loan due by 1970 (U.S. $3,750,000)	4,052,344	
5¾% loan due $700,000 annually to 1971 and the balance by 1972	5,600,000	
Other	300,000	33,416,188
		36,672,829
Subsidiaries:		
Secured:		
6½% loan due by 1975	1,268,762	
6-6½% loan repayable $120,000 in 1968 and the balance by 1972	955,000	
6¾% First mortgage repayable in monthly instalments to 1981	1,822,745	
Other	850,791	4,897,298
Unsecured:		
6⅛% Guaranteed promissory notes due U.S. $850,000 annually and the balance in 1981 (U.S. $12,000,000)		12,956,016
		17,853,314
		54,526,143
Less instalments included in current liabilities		5,026,313
		$49,499,830

3. LONG-TERM DEBT (cont'd)

Included in the covenants contained in the trust deeds or other agreements securing certain of the long-term debts are restrictions regarding the payment of dividends by the company. At December 31, 1967, approximately $13,539,000 of the consolidated earned surplus was subject to such restrictions.

4. CAPITAL STOCK

During the year 33,550 common shares were issued under the stock option plan. The premium of $11,348 received on the issuance of these shares has been credited to contributed surplus. The company has reserved 84,400 common shares for issuance under the stock option plan, and as at December 31, 1967, options had been granted on 43,200 shares (including 11,950 shares optioned to directors or officers), particulars being as follows:

Number of shares	Option price per share	Date Exercisable	
9,350	$10.00	To July	31, 1969
2,000	10.46	To November	25, 1975
16,500	11.02	To August	5, 1975
4,350	12.00	To October	31, 1971
3,500	12.625	To January	31, 1974
4,000	13.61	To February	4, 1975
3,500	14.00	To February	29, 1972

5. INCOME TAXES

Drilling and exploration expenditures, to the extent that they are allowable deductions for tax purposes, are claimed in the year in which they are incurred or as soon thereafter as possible. To December 31, 1967, the aggregate of such expenditures so claimed exceeds depletion recorded with respect to those expenditures. For income tax purposes capital cost allowances are claimed in amounts which may vary from depreciation provided in the accounts. To December 31, 1967 the aggregate of capital cost allowances so claimed is less than depreciation provided.

6. COMMITMENTS AND CONTINGENCIES

Annual rentals payable on long-term leases (three years and over) for real property amount to approximately $2,500,000.

Included in mortgages and other advances is an advance of $3,413,790 (1966 - $3,876,000) to an associated company which incurred losses in the course of developing its business. There is no reason to believe that these losses, to the extent that they have not already been recovered, will not be fully recovered out of future earnings. At December 31, 1967 the company was contingently liable under guarantee of bank loans of this company to the extent of $775,000 (1966 - $850,000).

At December 31, 1967 the companies had guaranteed loans of another company amounting to approximately $1,000,000 and were contingently committed to purchase on or before December 31, 1970 bonds of another company in a maximum amount of $5,000,000.

7. DIRECTORS' REMUNERATION

Remuneration paid to directors of the company during 1967 as directors and officers of the companies totalled $217,000 (1966 - $190,880).

TEN-YEAR REVIEW OF OPERATIONS

Statistical	1967	1966	1965
Crude oil and natural gas liquids production (before royalty) for the year (thousands of barrels)	**5,300**	5,104	4,614
Natural gas sales (before royalty) for the year (millions of cubic feet)	**23,494**	22,057	21,631
Sulphur sales (long tons)	**81,100**	74,900	71,500
Gross acreage (thousands of acres)	**15,700**	6,200	5,800
Crude oil run to refinery stills for the year (thousands of barrels)	**15,852**	13,290	12,168
Number of employees	**1,491**	1,388	1,352
Financial (in thousands of Dollars)			
Gross income for the year	**155,662**	143,828	143,345
Net profit	**10,706**	9,292	8,549
Minority interest in net income	**23**	23	23
Depreciation, depletion and amortization (including amortization of excess cost)	**10,179**	9,442	8,870
Amortization of patents and other costs	**197**	163	108
Total cash generated	**21,105**	18,920	17,550
Working capital	**15,052**	15,721	12,396
Total assets	**243,798**	229,231	220,349
Long-term debt	**49,500**	39,838	34,378
Book value of shareholders' equity	**139,457**	134,352	130,999

1964	1963	1962	1961	1960	1959	1958
4,578	4,393	4,306	3,306	2,934	2,666	2,403
22,179	20,320	19,186	6,500	3,399	2,297	1,627
57,000	49,500	25,100	—	—	—	—
5,600	5,400	5,800	6,180	5,300	5,040	4,945
11,702	11,559	10,552	10,461	9,720	9,181	7,705
1,262	1,116	1,146	1,092	856	979	958
139,155	131,388	84,551	67,677	61,556	59,863	54,295
7,076	6,973	6,706	5,517	1,031	1,376	665
23	23	23	23	65	79	66
8,950	8,191	8,490	7,116	6,518	6,239	5,728
108	106	108	106	97	96	92
16,157	16,399	16,519	14,069	8,740	8,466	7,271
10,370	10,153	12,993	11,251	11,262	11,551	8,378
203,808	201,761	185,818	182,938	174,124	150,848	158,148
31,935	27,910	27,808	30,699	30,352	24,579	25,662
127,737	126,266	125,038	122,981	117,399	103,047	101,442

Auditors' Report

To the Shareholders of Canadian Petrofina Limited:

We have examined the consolidated balance sheet of Canadian Petrofina Limited and its subsidiaries as at December 31, 1967 and the consolidated statements of profit and loss and earned surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

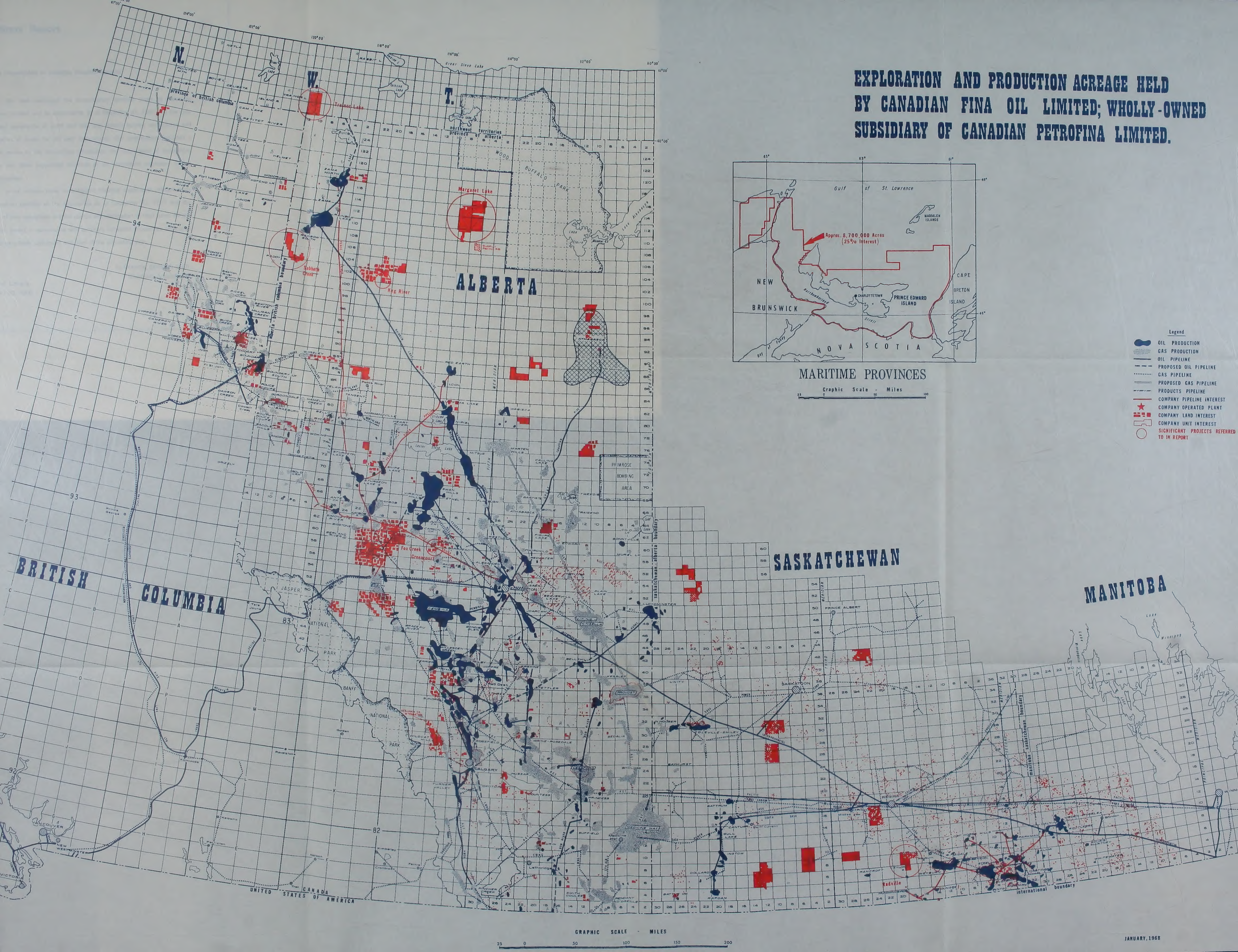
In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CLARKSON, GORDON & CO.
Chartered Accountants.

Montreal, Canada,
February 20, 1968.

PRINTED IN CANADA

EXPLORATION AND PRODUCTION ACREAGE HELD BY CANADIAN FINA OIL LIMITED; WHOLLY-OWNED SUBSIDIARY OF CANADIAN PETROFINA LIMITED.



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